GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:375
ANSWERED ON:20.08.2004
OPENING OF REGIONAL RURAL BANKS
Khandelwal Shri Vijay Kumar

Will the Minister of FINANCE be pleased to state:

(a) the number of branches of Regional Rural Banks proposed to be opened in each State during the current year and 2005;

(b) the amount likely to be spent for opening new branches;

(c) the role played by these banks in the economic development of the rural areas; and

(d) the steps taken by the Government to ensure that these Regional Rural Banks play their role effectively?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a),(b),(c) & (d): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of the Lok Sabha Starred Question No. 375 for 20th August 2004 regarding Opening of Regional Rural Banks tabled by Shri VijaY Kumar Khandelwal.

(a) & (b): The National Bank for Agriculture and Rural Development (NABARD) has recommended to RBI, 41 applications received from diffeirent Regional Rural Banks (RRBs) for opening branches during the year 2004-2005 in the following States:

Sl.No.	State	No. of branches applied for
1.	Andhra Pradesh	6
2.	Rajasthan	12
3.	Orissa	2
4.	Haryana	1
5.	Tamil Nadu	1
6.	Uttranchal	4
7	Gujarat	1
8.	Uttar Pradesh	6
9.	Chattisgarh	1
10.	Punjab	2
11.	Kerala	1
12.	Himachal pradesh	4
	Total	41

Expenditure towards opening of branches varies from bank to bank and branch to branch depending on the infrastructure, additional

staff, rental charges of premises required etc. The expenditure on opening branches is borne by respective RRBs.

(c) & (d): As mandated by RRB Act, 1976, RRBs have been able to mobilize rural savings and channelise them for supporting agriculture and other productive activities in the rural areas, RRB`s have played a reasonably effective role in providing credit to small & marginal farmers, landless labourers, rural artisans and other weaker sections of society. Their performance in providing credit to priority sector has also been reasonably good. Several measures have been taken by the Government to make the RRBs more effective in providing credit to rural masses. These measures include:

1. Recapitalisation of wE!ak RRBs.

2. Fixing Priority Sector lending target of 60%.

3. Permitting RRBs to finance education loan, rural housing etc.

4. Holding the sponsor bank squamly responsible for the performance of their RRBs.

5. Increasing credit flow to agriculture though Kisan Credit Card (KCG).
6. Permitting SHG-Bank linkage for productive activities in the rural areas.